

News Release

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Program Announcement

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USDA ANNOUNCES PREVAILING WORLD MARKET PRICE AND USER MARKETING CERTIFICATE PAYMENT RATE FOR UPLAND COTTON

WASHINGTON, April 16, 1998 -- Keith Kelly, Executive Vice President of USDA's Commodity Credit Corporation, today announced the prevailing world market prices, adjusted to U.S. quality and location (adjusted world price or AWP), for Strict Low Middling (SLM) 1-1/16 inch (leaf grade 4, micronaire 3.5-3.6 and 4.3-4.9, strength 24-25 grams per tex) upland cotton (base quality), and the coarse count adjustments (CCA) in effect from 5:00 p.m. today through 3:59 p.m. Thursday, April 23. The user marketing certificate (Step 2) payment rate in effect from 12:01 a.m. Friday, April 17 through midnight Thursday, April 23 is 4.61 cents per pound.

The Federal Agriculture Improvement and Reform Act of 1996 provides that the AWP may be further adjusted if: 1) the AWP is less than 115 percent of the current crop year loan rate for base quality upland cotton, and 2) the USNE price exceeds the NE price. This week, both conditions for this adjustment have been met, and it has been determined that this further adjustment to the AWP shall be 0.0 cents per pound.

This week's AWP and CCA are determined as follows:

Adjusted World Price

NE Price	64.72
Adjustments:	
Avg. U.S. spot market location	12.08
SLM 1-1/16 inch cotton	1.90
Avg. U.S. location	0.14
Sum of Adjustments	- 14.12
ADJUSTED WORLD PRICE	50.60 cents/lb.

Coarse Count Adjustment

NE Price	64.72
NE Coarse Count Price	-62.83
	1.89
Adjustment to SLM 1-1/32 inch cotton	- 3.70
COARSE COUNT ADJUSTMENT	
(Cannot be less than zero).....	0.00 cents/lb.

-more-

Because the AWP for the period is less than 51.92 cents per pound which is the base quality loan rate, the loan repayment rate during this period is equal to the AWP, adjusted for the specific quality and location. The loan repayment amount will be further adjusted by the application of a storage credit, and interest will be waived.

Because the AWP is less than the 1997-crop loan rate, cash loan deficiency payments (LDPs) will be paid to eligible producers who agree to forgo obtaining marketing assistance loans with respect to the 1997 crop. The payment rate, effective from 5:00 p.m. today through 3:59 p.m. Thursday, April 23, will be 1.32 cents per pound.

Step 2 payments are provided this week because, for four consecutive weeks, the USNE price has exceeded the NE price by more than 1.25 cents per pound and the AWP has not exceeded 130 percent of the loan rate for upland cotton. Relevant data for the Step 2 program follow:

Week	Fri/Thur Period Ending	AWP as % of 1997 Loan Rate 1/	USNE Price	NE Price	USNE Less NE Price	Step 2 Rate
..... cents/lb						
1	3/26/98	104.5	75.15	68.35	6.80	5.55
2	4/2/98	103.8	74.85	68.01	6.84	5.59
3	4/9/98	99.4	71.25	65.75	5.50	4.25
4	4/16/98	97.5	70.58	64.72	5.86	4.61

1/ The marketing year 1997 loan rate is 51.92 cents per pound.

The next announcement of the AWP, CCA and user marketing certificate payment rate will occur on Thursday, April 23 at 5 p.m.

Further program information is available from Wayne Bjorlie,
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